CFO

GET IT RIGHT — OR GET LEFT BEHIND

Buying information technology is easy. Harnessing it to its full potential is the hard part.

BY DAVID W. OWENS

I t's not what you have; it's what you do with it. Yes, information technology sharpens a company's competitive edge — but only if management learns how to master it for maximum impact.

So say finance executives responding to a survey by CFO Research on the investment outlook for new technology tools. In the survey, 112 finance executives at mostly small and midsize U.S. businesses weighed in on the competitive use of IT, and in particular their companies' ability to fully harness advances in areas such as mobile technology, big data and cloud computing.

The results raise a key question: How will companies learn enough about new technologies and new capabilities to get the most out of them? Based on their responses, finance executives understand what's at stake. Nearly all survey respondents (90 percent) agreed that better use of IT would meaningfully improve business performance at their companies. And almost as many (84 percent) saw it as necessary for staying competitive.

That need is especially critical for younger, smaller and more ambitious companies looking to leverage new technologies so they can shift more resources toward innovation and growth. As the COO of a small technology company said, his company will be relying on advanced technologies to help it "adapt to growth from a new start-up to second or third stage."

Of course, it's not as if the mere presence of technology confers any advantage. Finance executives envision helping their companies prevail not just by supplying management with more information, but also by translating that data into valuable insights. By getting more out of technology, they can devote less of their time to compiling reports from spreadsheets and other sources of data.

When asked what compels them to upgrade finance's information capabilities, the majority of respondents (56 percent) indicated they are looking to provide management with more-useful information (see Figure 1).

Gaining more-sophisticated analytical capabilities came in second, cited by 43 percent of respondents. These kinds of advances can, as the chief executive of a small technology company said, help with "keeping up with the effective use of data we collect."
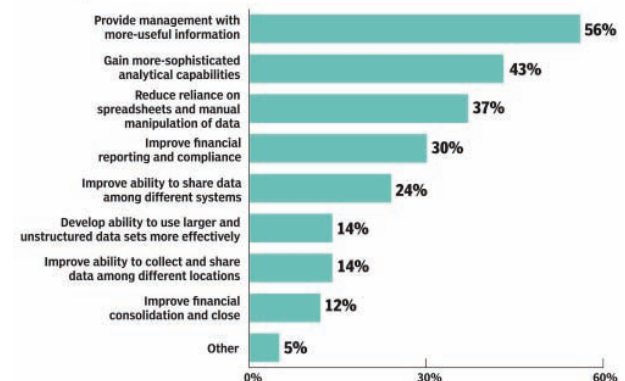
Better Tools, Better Managers

For nearly three out of four respondents (73 percent), the rationale behind getting better financial information systems is so they can provide better information tools, such as performance dashboards, for management use. A finance manager in a $100 million-plus transportation company wrote, with evident relief, that his company's planned upgrades would "finally provide better reporting tools."

But having the tools is no guarantee that they will transform management practices. For example, even among those who already have performance dashboards in place, 83 percent said they need to improve their use by management. The numbers were nearly identical (85 percent) for those who are already using advanced business analytics or business intelligence applications.

FIGURE 1

In your opinion, what will be the most compelling reasons for your company's finance function to invest in new information capabilities or systems over the next few years?

Provide management with more-useful information	56%
Gain more-sophisticated analytical capabilities	43%
Reduce reliance on spreadsheets and manual manipulation of data	37%
Improve financial reporting and compliance	30%
Improve ability to share data among different systems	24%
Develop ability to use larger and unstructured data sets more effectively	14%
Improve ability to collect and share data among different locations	14%
Improve financial consolidation and close	12%
Other	5%

Clearly, finance executives expect to invest in getting better at deploying these kinds of information tools for competitive advantage.

For example, while about half of the respondents (48 percent) believe that big data analytics can enhance the value of the information and analysis used for business decisions, slightly more than a third (36 percent) admitted that they simply aren't sure. This suggests a fairly widespread need for finance executives to get up to speed on the capabilities of the emerging analytical approach to data collection and data mining.

Grasping the Cloud

A large segment of the finance population feels similarly underinformed about the best uses of cloud computing. Consider that a little less than half of the respondents (46 percent) are "believers," agreeing that cloud computing is likely to replace their on-premises IT systems within the next few years. Companies in this group consider themselves in the forefront of the move to cloud computing, with 57 percent characterizing themselves either as "early adopters" or "fast followers" (see Figure 2).

The "nonbelievers" — those stepping forward more tentatively — have yet to fully grasp the cloud's potential. For example, a whopping 58 percent of this segment said they simply don't know enough to determine whether or not cloud computing offers better control over IT costs. A larger proportion of the believers (61 percent) had no such doubts, recognizing a range of benefits the technology offers.

The perceived advantages of the cloud extend beyond cost considerations. A majority (61 percent) of the believers recognize the benefits of cloud computing for allowing better control over IT costs; even more of them (76 percent) think that cloud computing can help improve business processes. Their reasons for adopting cloud services ranged from gaining "more secure storage" to "harnessing big data."

Even those who aren't ready to make wholesale changes are still interested in using cloud technology to improve their business practices — in some cases,

FIGURE 2

Which of the following statements do you believe best reflects your company's use of cloud computing technology?
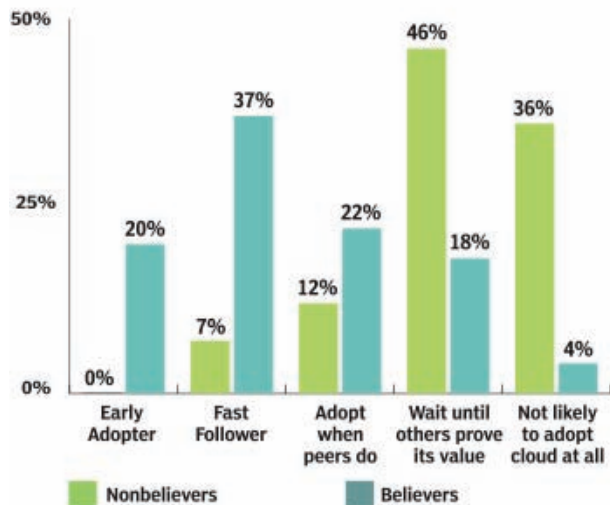
apparently, whether they know it or not. Cloud-based services often provide a critical, if unseen, conduit for on-demand information flows among an increasingly mobile workforce. So while the CFO of a small provider in the aerospace and defense industry said his company isn't likely to replace its information systems with cloud technology, he noted that the most significant change in his company's use of IT within the next two years will be the "use of mobile computing linking field agents to finance processes."

The ultimate goal for many, as the chief executive of a small nonprofit put it, is "being able to access all files 24/7, 365 from any location with any device." Increasingly, the information highway is turning into an information skyway that travels through the cloud. Companies that have yet to begin that flight — mapping out a route for using the new technologies to drive growth, improve agility and minimize cost — risk finding themselves losing altitude to competitors.

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